



Vice President Gore Reveals New Study Showing Widespread Effect of Information Technology On Today's Economy, Society

Also Announces U. S. Will Partner with 10 Developing Countries to Provide Technical Assistance, Expand Internet Services

Denver, CO — Vice President Gore released today a new report — The Emerging Digital Economy II — that shows that information technology is fundamentally changing the way Americans work, live, communicate, and play.

"Six-and-a-half years ago, there were just 50 Web sites around the world. Today, there are more than 6 million," Vice President Gore said. "Today, information technology is changing the way we live, learn, work, and shop — and its most lasting impact is just emerging. This report finds that since 1995, even though information technology industries make up less than one percent of all retailers, they account for fully one-third of our nation's economic growth."

Electronic commerce (business transactions on the Web) and the information technology (IT) industries that make "E-commerce" possible are growing and changing at breathtaking speed. Today's report — prepared by the Commerce Department — documents how E-commerce and IT are changing America.

Specifically, the report found:

- **E-commerce is growing much faster than the most optimistic projections.**
Growth in the available measures of E-commerce has far outpaced even the most optimistic projections. For example, in early-1998 experts estimated that Internet retailing would reach \$7 billion by the year 2000. By late-1998, online retail sales reached between \$7 billion and \$15 billion. Even with this rapid growth, however, E-commerce still represents less than 1 percent of the retail economy.
- **IT-producing industries account for more than one-third of America's strong economic growth.**

The IT-producing industries that make E-commerce possible — for example, producers of computer and communications hardware; software; and services — play a critical role in our growth process. Between 1995 and 1998, IT producers, while accounting for just 8 percent of total GDP [Gross Domestic Product], contributed on average more than one-third of the nation's real economic growth.

- **IT-producing industries reduce overall inflation. In both 1996 and 1997 (the most recent data available), rising quality and falling prices for IT goods and services cut overall inflation by 0.7 percent.**

By helping to keep inflation under control, IT industries help keep interest rates low and investment high. As Fed Chairman Alan Greenspan said [June 17, 1999], this "prolonged period of price stability does help to foster economic prosperity."

- **Businesses are investing in IT at unprecedented rates.**

Under Vice President Gore's leadership, productive business investment has grown at a double-digit pace every year since 1993 — the first time on record the U.S. has achieved six consecutive years of double-digit business investment growth. These new investments will help sustain strong economic growth in the future. IT has been a driving force in this investment boom. From 1993 to 1998, IT investments accounted for more than half of the growth of all real business equipment spending.

- **By 2006, almost half of American workers will be employed by industries that are either IT producers or intensive users of IT.**

The emerging digital economy is raising the demand for highly paid, core IT workers (e.g., computer scientists, engineers), creating new IT-related occupations, changing the skill requirements for

many non-IT jobs, and raising the minimum skill requirements for many other jobs. In 1997, IT-producing industries added 350,000 jobs, a one-year increase of 7.7 percent as compared to average employment growth of about 3 percent. By 2006, almost half of all American workers will be employed by industries that are either major IT producers or intensive users of IT.

- **IT workers earn 78 percent more than other workers —and the pay gap is growing.**

In 1997, workers in IT-producing industries earned on average \$52,920 or 78 percent more than the average of \$29,787 earned by all workers. The pay gap between IT workers and other workers has been growing: In 1989, this pay gap was 56 percent, with IT workers earning an average of \$34,561 and all other workers earning \$22,184.

- **IT industries are achieving extraordinary productivity gains.**

From 1990 to 1997, IT-producing industries increased their value-added per-worker (measured on a Gross Product Originating basis) at a robust annual rate of 10.4 percent, compared to the national average of 1.4 percent.

In his remarks, the Vice President also announced that the United States will partner with 10 developing countries for the "Internet for Economic Development," an initiative designed to increase Internet access and use in developing countries throughout the world. Those countries are Guatemala, Jamaica, Bulgaria, Egypt, Morocco, Ghana, Guinea, Uganda, South Africa, and Mozambique.

Through this initiative, these countries will collaborate with the U.S. government, the private sector, multilateral organizations, and non-profits to help them use electronic commerce and the Internet as tools for economic development.

Specifically, the initiative will seek to:

- Provide regulatory and technical advice and training to assist countries in creating an attractive, pro-competitive environment where the Internet can flourish.
- Mobilize multinational organizations, NGOs [non-government organization], and the private sector to help spur the deployment of advanced information infrastructure to remote areas.

- Provide E-commerce training to local regulators, entrepreneurs, and artisans.
- Foster the deployment of specific Internet applications such as micro-E-commerce, telemedicine, distance education, and improved access to government services.

The U.S. actively encourages other interested countries to join in this initiative. This initiative is part of a broad effort by the U.S. to foster development of the information industry worldwide. In that regard, the World Trade Organization, on Friday June 25, [held] a special session addressing sources and needs of telecommunications technical assistance. This meeting was initiated by the U.S. in support of developing countries' efforts to reform regulations in order to promote private investment in telecommunications and electronic commerce.

The World Bank will be an active partner in the Internet for Economic Development initiative, supporting various pilot projects in the selected countries.

In addition, the U.S. Telecommunications Training Institute (USTTI) has committed to:

- Give priority to applicants from these countries to participate in its tuition-free industry/government training courses.
- Invite these countries to participate in special training sessions focusing on E-commerce and World Radio Conference 2000 policy issues.
- Work with leaders from these countries to shape special training sessions in year 2000 that specifically meet their needs as they adopt E-commerce as a tool for economic development.
- Coordinate special training outreach through USTTI's corporate members for officials from these countries.

USTTI is a non-profit joint venture between leaders of the U.S. communications industry and key government officials, which provides tuition-free communications training to professionals from the developing world.

Editor's Note: This information, originally published by the Air Force Knowledge Management Team, is in the public domain at <http://www.af.mil/news> on the World Wide Web.